

Message Text

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C O N F I D E N T I A L STATE 023937

E.O. 11652: GDS
TAGS: MCAP, EFIN, NATO
SUBJECT: NATO BUDGETS - COST SHARING FORMULAE (ITEM III,
NAC AGENDA)

REF: USNATO 558

1. FYI: WHILE IT MAY BE USEFUL FOR NEGOTIATING PURPOSES
TO MENTION JACKSON-NUNN, AND WHILE WE AGREE THAT WE
SHOULD EMPHASIZE BURDEN-SHARING ASPECTS, OUR POSITION
REMAINS AS OUTLINED IN PARA 8 OF STATE 5965. FOR
EXAMPLE, WITH REGARD TO PRINCIPAL, I.E. INFRASTRUCTURE
BUDGET "SAVINGS" FOR JACKSON-NUNN PURPOSES AS
CONCEIVED BY MISSION, WE WOULD HAVE TO TELL CONGRESS
THAT OUR CONTRIBUTION WILL BE 20 PER CENT INSTEAD OF
30 PER CENT. THIS WE CANNOT DO, SINCE CONGRESS IS
FULLY AWARE THAT OUR CURRENT EFFECTIVE SHARE IS 20 PER CENT.
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THIS IS A MATTER OF RECORD, AS INDICATED FOR EXAMPLE

IN HOUSE OF REPRESENTATIVE REPORT NO. 93-638, DATED NOVEMBER 13, 1973, ON THE MILITARY CONSTRUCTION APPROPRIATION BILL, 1974 WHICH STATES QUOTE OVER THE YEARS, THE U.S. SHARE OF THE CONTRIBUTIONS TO THE INFRASTRUCTURE PROGRAM HAS DECLINED FROM ABOVE 43 PER CENT IN 1951 TO AN EFFECTIVE RATE OF BELOW 20 PER CENT IN 1973. END QUOTE. INASMUCH AS WE ARE NOT LIKELY TO SPEND LESS IN THE NEXT FIVE YEARS, NOR THE ALLIES MORE, THERE IS NO JUSTIFIED CLAIM FOR AN ANNUAL CREDIT FOR

JACKSON-NUNN PURPOSES THAT WE CAN MAKE TO CONGRESS ON INFRASTRUCTURE. END FYI.

2. IN COUNCIL DISCUSSION YOU SHOULD BE GUIDED BY FOLLOWING CONSIDERATIONS. OUR MAIN CONCERN IS TO MAINTAIN EFFECTIVE US SHARE AT 20 PERCENT DURING NEXT FIVE YEAR PERIOD. WE ALSO WANT A VIABLE PROGRAM WHICH WE BELIEVE SHOULD PROVIDE AT LEAST DOLS 1.5 BILLION IF AGREEMENT ON THE DOLS 2 BILLION WHICH WE FAVOR IS NOT POSSIBLE. IN ORDER TO ACHIEVE THIS, AND IF IT IS ASCERTAINED THAT NO UNANIMOUS AGREEMENT ON THAT SIZE PROGRAM CAN BE REACHED AT THIS TIME, WE WOULD FAVOR AN AGREEMENT ALONG THE LINE OF THE ONE ACHIEVED LAST TIME, I.E., AGREE ON A LOWER FIGURE AT THIS TIME, AND LEAVE OPEN POSSIBILITY OF USING THE AMOUNT DURING FOUR YEARS, WITH A PROVISION THAT ADDITIONAL FUNDS MAY BE MADE AVAILABLE FOR THE FIFTH YEAR. WE FAVOR METHODS A AND B DESCRIBED IN PARA 4 OF USNATO 484, BECAUSE THESE ARE THE ONLY METHODS PROPOSED TO CONGRESS WHICH PRESUMABLY WILL HAVE CONGRESSIONAL SUPPORT, AND BECAUSE IT IS MORE LIKELY THAT THESE METHODS WILL PROVIDE SUFFICIENT FUNDS TO SATISFY MINIMUM MILITARY REQUIREMENTS.

3. OUR POSITION ON REDUCTION OF MILITARY AND CIVIL BUDGET FORMULAE IS AS INDICATED IN PARA 2 OF STATE 13788. WE AGREE WITH REDUCTION OF US SHARE IN CENTRAL EUROPE PIPELINE SYSTEM DEFICIT AS OUTLINED IN PARA 4A(2) OF REF.

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4. YOU SHOULD EMPHASIZE BURDEN-SHARING BENEFITS DURING COUNCIL DISCUSSION, BUT DEEMPHASIZE JACKSON-NUNN ASPECTS WHICH ARE AT BEST QUESTIONABLE EXCEPT FOR MILITARY BUDGET AND PIPELINE BUDGET REDUCTIONS.

5. REF WAS RECEIVED TOO LATE FOR INTERVENTIONS BY EMBASSIES BONN, LONDON AND PARIS BEFORE MEETING. WE WILL CONSIDER THIS FURTHER AFTER RESULTS OF COUNCIL

DISCUSSIONS ARE REPORTED.

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